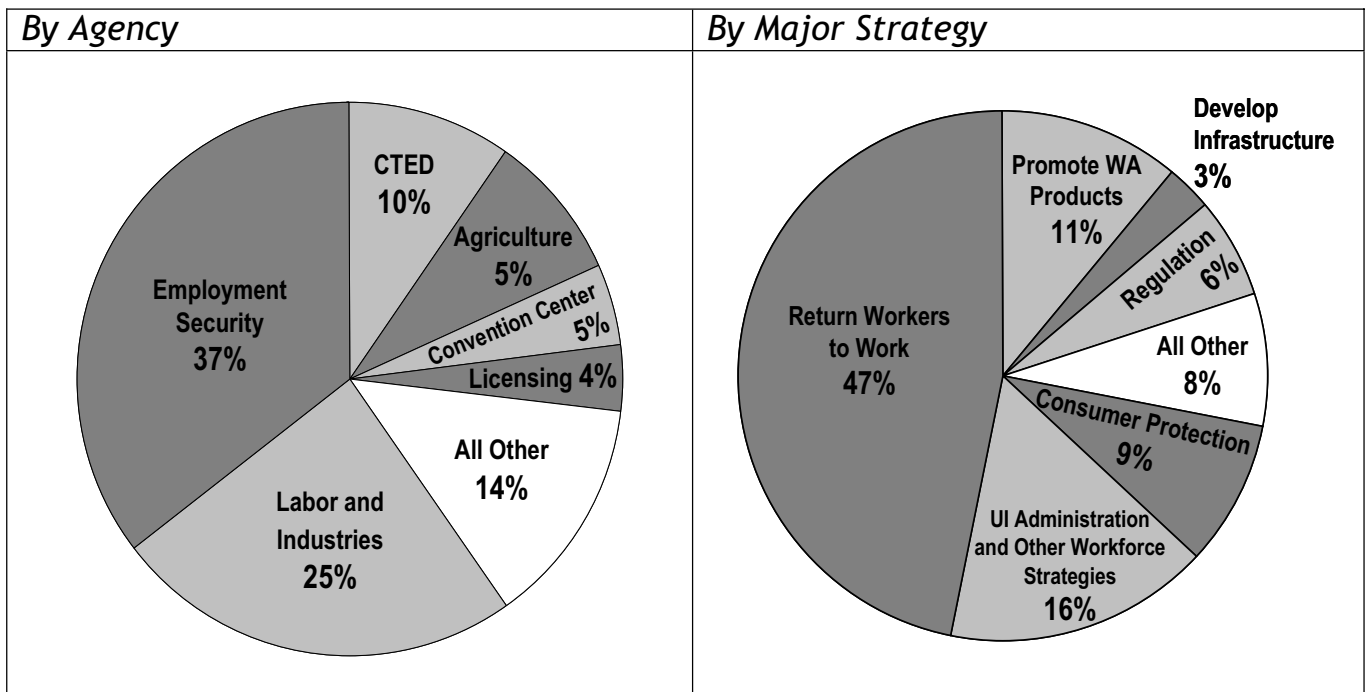


# GMAP Fiscal Report

## Economic Vitality

**Biennial Operating Budget = \$1.455 billion All Funds**  
**\$91.5 million GFS**

(Fund Sources: federal, medical aid/accident, dedicated funds, 6% GFS)



### Current Fiscal Status (Major Agencies)

July - December 2005 Expenditures

Dollars in Thousands

	Estimates-to-date	Actuals-to-date	Current Variance under/(over)	Prior Report
Department of Labor and Industries	\$129,437	\$126,193	2.5%	1.3%
Employment Security Department	122,912	113,222	7.9%	9.1%
Department of Ecology	91,717	71,321	→22.2%	NA
Department of Revenue	47,071	44,681	5.1%	NA
Department of Agriculture	25,690	25,434	1.0%	1.4%

Please note: Pie charts above are based on agency budget allocation to statewide strategies, where agencies may be split between more than one strategy area (e.g. Economic Vitality, Mobility, Government Efficiency, etc.). However current fiscal status is based on the full agency total, since we do not account by activity.

# GMAP Fiscal Report

## Economic Vitality

### Current Fiscal Status (Selected Program Detail)

July - December 2005 Expenditures

Dollars in Thousands

	Estimates- to-date	Actuals- to-date	% Variance under / (over)	Prior Report
<b>Department of Labor and Industries</b>				
FTE Staff	2,643.9	2,690.5	(1.8)%	(2.5)%
Management Services	\$10,837	\$11,479	(5.2)%	(3.7)%
Insurance Services	61,343	57,211	6.7%	(25.0)%
Information Services	9,512	12,044	→(26.6)%	27.3%
WISHA Services	22,808	21,599	5.3%	(4.6)%
Specialty Compliance Services	16,103	15,430	4.2%	(4.6)%
Crime Victims' Compensation	8,756	8,431	3.7%	(5.1)%
<b>Agency Total</b>	<b>\$129,359</b>	<b>\$126,193</b>	<b>2.5%</b>	<b>1.3%</b>
<b>Employment Security Department</b>				
FTE Staff	2,220.1	1,911.4	13.9%	1.9%
Employment Services	\$24,018	\$20,612	→14.2%	13.8%
Unemployment Insurance	38,561	40,342	(4.6)%	(10.6)%
State Programs	2,782	3,702	→(33.3)%	(40.4)%
Workforce Investment Act	57,550	48,552	7.9%	18.9%
<b>Agency Total</b>	<b>\$122,912</b>	<b>\$113,222</b>	<b>7.9%</b>	<b>9.1%</b>
<b>Department of Ecology</b>				
FTE Staff	1,517.9	1,437.9	5.3%	NA
Administration and Support	\$10,278	\$9,071	→11.7%	NA
Air	8,711	7,090	→18.6%	NA
Environmental Investment and Lab Services	6,288	5,207	→17.2%	NA
Shorelands and Coastal Zone Management	14,529	7,816	→46.2%	NA
Water Quality	12,630	10,320	→18.3%	NA
Water Resources	8,921	7,155	→19.8%	NA
Toxics Clean-up	10,082	7,190	→28.7%	NA
Nuclear Waste	3,474	3,026	→12.9%	NA
Hazardous Waste Program	5,654	4,451	→21.3%	NA
Solid Waste Program	6,371	5,505	→13.6%	NA
Spill Prevention, Preparation, and Response	4,779	4,489	6.1%	NA
<b>Agency Total</b>	<b>\$91,717</b>	<b>\$71,321</b>	<b>→22.2%</b>	<b>NA</b>
<b>Department of Revenue</b>				
FTE Staff	1,077.1	1,060.7	1.5%	NA
Tax Administration Services	\$21,165	\$19,377	8.5%	NA
Tax Analysis and Interpretation	20,966	20,502	2.2%	NA
Management Services	4,940	4,802	2.8%	NA
<b>Agency Total</b>	<b>\$47,071</b>	<b>\$44,681</b>	<b>5.1%</b>	<b>NA</b>

# **GMAP Fiscal Report** **Economic Vitality**

	Estimates- to-date	Actuals- to-date	% Variance under / (over)	Prior Report
<b>Department of Agriculture</b>				
FTE Staff	685.8	699.5	(2.0)%	(5.2)%
Agency Operations	\$2,331	\$2,425	(4.0)%	48.7%
Commodity Inspection	9,126	9,172	(.5)%	4.5%
Food Safety, Animal Health	4,522	4,417	2.3%	(17.7)%
Plant Protection	5,044	4,692	7.0%	(17.1)%
Market Development	1,724	1,920	(11.4)%	3.0%
Pesticide Management	2,941	2,808	4.6%	4.0%
<b>Agency Total</b>	<b>\$25,690</b>	<b>\$25,434</b>	<b>1.0%</b>	<b>1.4%</b>

## **Key Fiscal Issues**

### **Labor and Industries**

#### **2006 Supplemental Budget**

\$8.4 million in Other Funds are proposed to:

- Fund increased website transactions costs for increased customer usage;
- Add eight electrical inspectors to meet goal of 24-hour turnaround on inspection requests;
- Fund new technology to combat fraud;
- Fund increases hospitalization rates for crime victims;
- Adds Failure to Secure a Load a crime subject to Crime Victims compensation.

#### **Expenditure Trends**

In December 2005, L&I was given legislative approval for a program structure change to realign Administrative Services (AS), Information Services (IS) and Legal Services so that indirect costs would be charged properly to the agency's direct service delivery programs. Several large expenditures were not correctly charged using the new structure which resulted in all of those costs being booked into AS and IS. This will be corrected in the next accounting report.

#### **Agency Action Plan**

None needed at this time.

### **Employment Security Department**

#### **2006 Supplemental Budget**

Increased Penalty and Interest revenues (on employer payroll taxes) support a \$1.8 million request for additional fraud detection efforts to ensure that Unemployment Insurance payments and rates are equitable.

#### **Expenditure Trends**

Federal funds are expected to decrease, or remain static, while service demands increase.

#### **Employment Services Program under-expenditure of \$3.406 million:**

The under-expenditures are associated with the Trade Act program. These funds can only be spent on clients with trade-certified companies. The federal Department of Labor allocates this funding based on the spending levels of the previous two years. Washington State's allocations

# ***GMAP Fiscal Report***

## **Economic Vitality**

and expenditures for the previous two years were based on participant levels that ranged from 5,000 to 7,000 participants. This year's level of participation will range from 1,110 to 1,200 participants. Currently, ESD is under-spending this funding and will continue to do so because we do not have the level of participants we had in the prior years. The unspent funds are carried forward and can be spent in future years.

### **State Programs over-expenditure of \$920,000:**

This over-expenditure is a timing issue between actual expenditures and recovery of the expenditure. The Washington Service Corp receives funding from the federal government through OFM. The expenditures are recorded monthly but the recovery of expenditures is recorded in subsequent months. This gives the appearance of an over expenditure until the end of the fiscal year. At the end of the fiscal year, we expect the over expenditure to be eliminated.

### **Agency Action Plan**

The agency is actively developing cost reduction and cost avoidance strategies to reduce and control agency expenses in the areas of facilities, equipment, and supplies.

### **Department of Ecology**

#### **2006 Supplemental Budget**

\$11.5 million in Other Funds are proposed for many program increases, including:

- Enhancing the voluntary clean-up program for Puget Sounds;
- Funding the Priority Clean-up Act for Hanford Nuclear Reservation, including implementation and legal defense; and
- Puget Sound oil transfer inspections.

### **Expenditure Trends**

**FTE Staff:** The agency's vacancy rate has been higher than expected.

**Administration:** IT contracts have been put into place later than estimated. The vacancy rate has been high because of new civil service procedures.

**Air Quality:** Grants to local governments for woodstove education and for emission controls on diesel school buses and other publicly-owned vehicles have billed later than expected. Vacancy rate has been high (over 7 vacancies per month).

**Environmental Assessment:** Billings from contract and grant recipients have been late, primarily for intensively monitored watersheds work. Projects requiring laboratory analyses have been delayed and thus the lab work has been delayed. There have been delays in filling positions.

**Shorelands and Environmental Assistance:** Disbursements of grant funds to local governments for shoreline master plan revision, flood control, watershed planning, and coastal zone management have been lower than estimated.

**Water Quality:** Grants to local entities for water quality projects are not moving as quickly as first projected. There has been a high number of vacancies because of a slower than projected estimate of the hiring process, and losing employees to because of retirement or being lured away to work in other programs, agencies, or firms.

**Water Resources:** A major contract was delayed and contract billings have lagged. Billings from other agencies have been slower than expected. Expenditures on AG services have been less than expected. The program also has staff vacancies and late staff hires.

# **GMAP Fiscal Report**

## **Economic Vitality**

**Toxics Cleanup:** "Clean Sites" toxic cleanup contract spending had a slow start. Spending will accelerate as we move into the spring/summer construction season.

**Nuclear Waste:** Contracts for Hanford cleanup have been fully budgeted, but have not been fully spent yet. As the contract work progresses, the variance will be reduced. Program vacancy rate is higher than anticipated.

**Hazardous Waste and Toxics Reduction:** Planned contracts have not been signed yet but will be completed this biennium. The agency started the biennium with a number of staffing vacancies, and there have been fewer federal grants than anticipated.

**Solid Waste and Financial Assistance:** About 30 percent of this program budget is pass-through funding. We currently have over \$4 million in litter clean-up and prevention work under contract. All pass-through funds are committed to projects, and the work is underway. Typically, over 95 percent of awarded funds are used by the end of the biennium, but billing delays often leave actual disbursements trailing behind initial estimates.

**Spill Prevention, Preparedness and Response:** One contract is spending later than budgeted. Vacancies have been high but will be filled by July.

### **Agency Action Plan**

None needed at this time.

## **Department of Revenue**

### **2006 Supplemental Budget**

- \$391,000 from the General Fund to pay for additional Attorney's General staff to defend the state against tax challenges. The request corrects an oversight made in the 2005-07 operating budget.
- \$3.9 million from the Real Estate Excise Tax Grant Account for distribution to county governments for the purpose of developing automated tax systems. This request is the result of legislation passed in the 2005 session
- \$375,000 in General Fund dollars to implement legislation proposed in the 2006 session. This includes streamlined sales tax, tax relief for aerospace businesses, and repealing the 5% penalty for issuing tax billings.

### **Expenditure Trends**

Expenditures will increase in the last six months of the fiscal year as the agency fills positions and makes purchases that have been delayed pending the outcome of the supplemental. The Department will end the fiscal year within budget.

### **Agency Action Plan**

The Department continues to aggressively pursue recruitment efforts to fill positions vacated due to retirements and staff leaving the agency.

## **Department of Agriculture**

### **2006 Supplemental Budget**

- \$149,000 General Fund-State for Pandemic flu planning and veterinarian search.
- \$853,000 in Other Funds for surface water monitoring and funding and legislation to increase weights and measures device inspections to at least once every two years (closer to the national average of one to 1 ½ years).

## ***GMAP Fiscal Report***

# **Economic Vitality**

### **Expenditure Trends**

Apparent overspending in FTEs relates primarily to the Fruit and Vegetable Inspection and Grain Inspection programs (9.4 FTEs), both of which are non-appropriated accounts and have sufficient revenue to cover the increase in cost. The remaining variance is attributed to interagency agreements and recent unanticipated federal agreements.

### **Agency Action Plan**

None needed at this time.